

**THE BRITISH COLUMBIA COUNCIL FOR
INTERNATIONAL EDUCATION**

FINANCIAL STATEMENTS

MARCH 31, 2020

STEELE & CO.*

CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of The British Columbia Council for International Education

Opinion

We have audited the statement of financial position of The British Columbia Council for International Education ("the Council") as at March 31, 2020 and the statements of operations, change in net financial assets, and cash flows for the year ended March 31, 2020, and a summary of significant accounting policies and other explanatory information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2020 and the results of its operations, changes in net financial assets and cash flows for the year in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying our opinion, we hereby retract the independent audit reported dated May 15, 2020 and reissue the report dated May 27, 2020 on the Council's amended March 31, 2020 financial statements.

The financial statements have been amended to report the government's transfer from the Ministry of Advanced Education Skills and Training of \$500,000 on March 31, 2020 as described in Note 8. The government transfer resulted in an increase to contributions receivable of \$500,000 and a corresponding increase to deferred revenue.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
May 27, 2020


CHARTERED PROFESSIONAL ACCOUNTANTS

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

STATEMENT OF FINANCIAL POSITION

		MARCH 31,	
	NOTE	2020	2019
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	4	\$ 183,657	\$ 285,938
GUARANTEED INVESTMENT CERTIFICATES	5	860,064	858,801
ACCOUNTS RECEIVABLE		1,695	49,596
CONTRIBUTIONS RECEIVABLE	8	500,000	-
SALES TAX RECEIVABLE		1,289	-
		<u>1,546,705</u>	<u>1,194,335</u>
LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		15,883	31,437
SALARIES AND ASSESSMENTS PAYABLE		175,781	231,810
EMPLOYEE FUTURE BENEFITS	6	209,635	187,354
DEFERRED REVENUE	8	<u>523,975</u>	<u>212,150</u>
		<u>925,274</u>	<u>662,751</u>
NET FINANCIAL ASSETS		<u>621,431</u>	<u>531,584</u>
NON-FINANCIAL ASSETS			
TANGIBLE CAPITAL ASSETS	9	26,636	43,067
PREPAID EXPENSES		<u>124,826</u>	<u>197,996</u>
		<u>151,462</u>	<u>241,063</u>
ACCUMULATED SURPLUS		<u>\$ 772,893</u>	<u>\$ 772,647</u>
GOING CONCERN CONSIDERATIONS	2		
CONTRACTUAL OBLIGATIONS	6 & 7		

APPROVED ON BEHALF OF THE BOARD



Dr. Randall Martin



Ms. Sherri Bell

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

STATEMENT OF OPERATIONS

	2020 BUDGET	YEAR ENDED MARCH 31,	
	(NOTE 12)	2020	2019
REVENUES			
GOVERNMENT GRANTS - CORE	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
GOVERNMENT CONTRIBUTIONS			
CONTRACTS	310,250	764,250	791,490
SUMMER CONFERENCE	327,500	419,619	474,176
ASIA-PACIFIC ASSOCIATION FOR			
INTERNATIONAL EDUCATION 2020	102,718	-	-
ADMINISTRATION AND OPERATING	64,000	58,638	94,758
OTHER	16,950	9,075	8,741
	<u>2,321,418</u>	<u>2,751,582</u>	<u>2,869,165</u>
EXPENSES			
ADMINISTRATION AND OPERATING			
CONTRACTS (NOTE 11)	<u>2,321,418</u>	<u>2,751,336</u>	<u>2,866,856</u>
ANNUAL OPERATING SURPLUS	<u>\$ -</u>	246	2,309
ACCUMULATED SURPLUS			
BEGINNING OF THE YEAR		<u>772,647</u>	<u>770,338</u>
ACCUMULATED SURPLUS			
END OF THE YEAR		<u>\$ 772,893</u>	<u>\$ 772,647</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	2020 BUDGET	YEAR ENDED MARCH 31,	
	(NOTE 12)	2020	2019
ANNUAL OPERATING SURPLUS	\$ -	\$ 246	\$ 2,309
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(2,690)	(30,691)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	17,000	19,121	18,690
ACQUISITION OF PREPAID EXPENSES	-	(124,826)	(197,996)
USE OF PREPAID EXPENSES	<u>(17,000)</u>	<u>197,996</u>	<u>212,484</u>
INCREASE IN NET FINANCIAL ASSETS	<u><u>\$ -</u></u>	<u>89,847</u>	<u>4,796</u>
NET FINANCIAL ASSETS BEGINNING OF THE YEAR		<u>531,584</u>	<u>526,788</u>
NET FINANCIAL ASSETS END OF THE YEAR		<u><u>\$ 621,431</u></u>	<u><u>\$ 531,584</u></u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

STATEMENT OF CASH FLOWS

	YEAR ENDED MARCH 31,	
	2020	2019
OPERATING TRANSACTIONS		
CASH RECEIVED FROM		
GOVERNMENT GRANTS - CORE	\$ 1,500,000	\$ 1,500,000
GOVERNMENT CONTRIBUTIONS - CONTRACTS	764,250	791,490
SUMMER CONFERENCE	231,444	448,711
ADMINISTRATIVE AND OPERATING	72,943	86,915
OTHER	9,075	8,741
	<u>2,577,712</u>	<u>2,835,857</u>
CASH PAID FOR		
EQUIPMENT RENTAL	22,909	29,330
EVENT FEES	53,005	251,751
HOSPITALITY	210,007	283,234
INFORMATION TECHNOLOGY AND WEBSITES	83,195	91,063
INSURANCE	4,768	4,531
LEADERSHIP AND ORGANIZATION	7,391	5,042
MARKETING	604,136	652,413
OFFICE COMMUNICATIONS	16,393	32,905
OFFICE SUPPLIES AND MISCELLANEOUS	15,455	17,859
PROFESSIONAL AND CONSULTING FEES	75,750	28,023
RENT AND FACILITIES	158,512	192,096
SALARIES AND BENEFITS	1,278,867	1,053,692
SALES TAXES	-	(2,641)
TELECOMMUNICATIONS	15,058	24,223
TRAVEL	130,595	223,432
	<u>2,676,041</u>	<u>2,886,953</u>
CASH APPLIED TO OPERATING TRANSACTIONS	<u>(98,329)</u>	<u>(51,096)</u>
CAPITAL TRANSACTIONS		
CASH USED TO ACQUIRE TANGIBLE CAPITAL ASSETS	<u>(2,689)</u>	<u>(30,691)</u>
CASH APPLIED TO CAPITAL TRANSACTIONS	<u>(2,689)</u>	<u>(30,691)</u>
INVESTING TRANSACTIONS		
GUARANTEED INVESTMENT CERTIFICATES	<u>(1,263)</u>	<u>(1,086)</u>
CASH APPLIED TO INVESTING TRANSACTIONS	<u>(1,263)</u>	<u>(1,086)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(102,281)</u>	<u>(82,873)</u>
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	<u>285,938</u>	<u>368,811</u>
CASH AND CASH EQUIVALENTS END OF THE YEAR	<u>\$ 183,657</u>	<u>\$ 285,938</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

1. PURPOSE AND OPERATIONS OF THE COUNCIL

The British Columbia Council for International Education ("the Council") is an educational marketing institution incorporated in 1991 under the Societies Act (British Columbia). On January 23, 2009, the Council changed its name from The British Columbia Centre for International Education to The British Columbia Council for International Education, amended its constitution, and replaced its by-laws in their entirety. At the same time, its mandate was expanded to include overseas missions, new internal and external programs, marketing and communication portfolios, and to administer government sponsored initiatives. The Council receives funding for its programs through the Ministry of Advanced Education for the Province of British Columbia ("the Ministry") and other government funded agencies. Previously, the Council was funded by internal programs and membership dues. In 2012, the mandate and mission of the Council were further changed and scaled back to focus on the core areas of planning and logistics of international events and marketing British Columbia in the international markets.

The Council reports to the Legislative Assembly through the Ministry and is considered a Government Reporting Council. The Council has no issued shares.

The Council is exempt from income taxes under the Income Tax Act.

2. GOING CONCERN CONSIDERATIONS

These financial statements have been prepared on the assumption that the Council is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Council is not expected to continue in operation for the foreseeable future. The Council is economically dependent on government support to fund its programs and activities. The Council's continuation as a going concern is dependent upon its ability to receive future government funding sufficient to meet current and future obligations.

As at March 31, 2020, the Council had net financial assets of \$621,431 (2019 - \$531,584).

The Council has the Ministry's grant commitment of \$1,500,000 to fund its fiscal 2021 operations, and received funding of \$1,500,000 to fund its fiscal 2020 operations.

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis for Presentation

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

c. Guaranteed Investment Certificates

Guaranteed investment certificates ("GIC's") are interest bearing and generally have maturity dates of one year or less.

d. Employee Future Benefits

- i. The employees of the Council belong to the Municipal Pension Plan which is a multi-employer joint trustee plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service, and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding.

The joint trustee board of the plan determines the required plan contributions annually.

The contribution to the plan by the Council is recorded as an expense for the year.

- ii. The costs of insured benefits reflected in these financial statements are the Council's portion of the insurance premiums owed for coverage of employees during the period.

e. Tangible Capital Assets Including Capital Leases

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets.

The Council does not have any capital leases.

The cost, less the estimated residual value, of the tangible capital assets, excluding land, is amortized on a declining balance basis over their estimated useful lives as follows:

Website	30% declining balance method
Office furniture and equipment	20% declining balance method
Computer equipment and software	50%-100% declining balance method
Leasehold improvements	3 years straight line

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Tangible Capital Assets Including Capital Leases (Continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Council's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write-downs are accounted for as expenses in the statement of operations. No write downs were recorded during the year.

Contributed tangible capital assets are recorded as revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined which are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value. No contributed tangible capital assets were received during the year.

f. Prepaid Expenses

Prepaid expenses, which include prepaid insurance, facility rentals, travel, and mission expenses, are charged to operations over the periods that are expected to benefit from the expense.

g. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be reasonably determined or collection is reasonably assured.

Government transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria or stipulations have been met.

Contributions from other sources are deferred and recognized as revenue as the related stipulations in the agreement are met. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable and are presented as non-financial assets in the statement of financial position.

Revenue related to fees or services received in advance of the fee being earned or service performed is deferred and recognized when the fee is earned or service performed.

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Foreign Currency Translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions unless hedged by forward contracts that specify the rate of exchange. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year end.

Adjustments to revenue or expense transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. The Council does not undertake any currency hedges.

i. Financial Instruments

Measurement

Financial assets originated or acquired, or financial liabilities issued or assumed, are initially measured at their fair values. In the case of a financial asset or financial liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs of financial instruments measured at fair value are expensed.

The Council subsequently measures its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market which are measured at fair value. Unrealized gains and losses from changes in fair value are recognized in the statement of re-measurement gains and losses until the respective investment is ultimately disposed of, at which time the cumulative gain or loss is recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents, GIC's, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and salaries and assessments payable.

The Council has not presented a statement of re-measurement gains or losses as it has no reportable transactions for its fiscal years ending March 31, 2020 and 2019.

Impairment

At the end of each reporting period, the Council assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. When there is an indication of impairment, the Council determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. In which case, the carrying amount of the asset is reduced to the highest expected value that is actually recoverable from the asset either by holding that asset, by selling that asset, or by exercising the right to any collateral (net of cost).

The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in net income. A write down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. Financial Instruments (Continued)

Derecognition

A financial liability or a part of a financial liability is removed from the statement of financial position when it is extinguished (i.e.: when the obligation is discharged or cancelled, or expires). The difference between the carrying amount of that financial liability extinguished or transferred to another party and the fair value of the consideration paid, including any non-cash assets transferred, liabilities assumed or equity instruments issued, is recognized in net income for the period.

j. Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets and related amortization and estimated employee benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed periodically to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

4. CASH AND CASH EQUIVALENTS

	Year Ended March 31,	
	2020	2019
Cash and demand deposits	\$ 183,657	\$ 285,938

Cash includes \$12,500 (2019 - \$50,000) which is restricted and may be used only for specified purposes.

5. GUARANTEED INVESTMENT CERTIFICATES

	Year Ended March 31,	
	2020	2019
GIC's bear interest at rates ranging from 0.90% to 1.65% (weighted average 0.97%), are non-redeemable for twelve months and have maturity dates to March 8, 2021. The Council has pledged \$74,955 of the total as security for its outstanding Visa commitments from time to time.	\$ 860,064	\$ 858,801

6. EMPLOYEES' PENSION PLAN AND BENEFITS PLAN

The Council contracts out its employee and payroll services under a fee arrangement currently with Capilano University ("CU"). Under this arrangement, the Council's employees are considered employees of CU. Employee compensation costs invoiced to the Council include employee salaries and related pension and employment benefits as determined by CU. Any funding adjustments are reflected ongoing in the CU's invoices to the Council.

a. Retirement Benefits - Pension Plan

The Council and its employees contribute to the Municipal Pension Plan which is a multi-employer plan in accordance with the Public Sector Pension Plan Act. The plan provides defined pension benefits to retired employees based on their age at retirement, length of service and highest earnings averaged over five years. The contribution rate for eligible employees is 8.5% of the employee's salaries until the yearly insurable earnings are reached, increasing to 10.0% thereafter. The Council matches contributions to the plan at the rate of 9.74% of the eligible employee's salary. Starting on January 1, 2020 the employer rate increased to 9.75%.

The Council records its pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan. The Council paid \$79,101 (2019 - \$79,482) for employer contributions to the plan for fiscal 2020. The contribution rates are subject to change as determined by the plan administrators.

The actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866,444 funding surplus for basic pension benefits.

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

6. EMPLOYEES' PENSION PLAN AND BENEFITS PLAN (CONTINUED)

b. Other Employee Benefits

In fiscal 2011, and as renegotiated in 2016, the Council entered into an employment contract with its Executive Director which provides for administrative leave of one full month of paid compensation for each year of completed service from October 2007 and at the discretion of the Council twelve months' notice or pay in lieu of notice, should the Council terminate the employment contract without just cause.

Payroll liabilities include a provision for accrued administrative leave of \$209,635 (2019 - \$187,354) as at March 31, 2020.

The Council provides for its employees life insurance and disability and health care benefits which are funded by monthly premium payments to independent benefit providers. The benefits cease upon termination of employment with the Council. The Council currently has no long-term commitments with these benefit provisions.

7. CONTRACTUAL OBLIGATIONS

The Council has entered into operating leases for premises and office equipment pursuant to agreements extending to June 2023. Annual payments over the remaining terms are as follows:

<u>Year Ended March 31,</u>	<u>Premises</u>	<u>Office Equipment</u>	<u>Total</u>
2021	\$ 110,962	\$ 3,513	\$ 114,475
2022	110,962	3,513	114,475
2023	110,962	1,756	112,718
2024	27,740	-	27,740
	<u>\$ 360,626</u>	<u>\$ 8,782</u>	<u>\$ 369,408</u>

8. DEFERRED REVENUE

Deferred revenues represent externally restricted contributions received by the Council for future general operating expenses. The following is a summary of the externally restricted funds received.

	<u>Year Ended March 31, 2020</u>	<u>2019</u>
Deferred revenue beginning of the year	\$ 212,150	\$ 237,615
Net increase in deferred revenue	<u>311,825</u>	<u>(25,465)</u>
Deferred revenue end of the year	<u>\$ 523,975</u>	<u>\$ 212,150</u>

Pursuant to the Province of British Columbia, Ministry of Advance Education Skills and Training funding letter dated March 30, 2020 deferred revenue for the year includes funds of \$500,000, which are to be used to fund the Council's 2021 operations.

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

9. TANGIBLE CAPITAL ASSETS

	Website	Office Furniture and Equipment	Computer Equipment and Software	Leasehold Improvements	Total
<u>March 31, 2020</u>					
Cost					
Opening balance	\$ 91,511	\$ 80,559	\$ 138,070	\$ 62,518	\$ 372,658
Additions	-	-	2,690	-	2,690
Closing balance	91,511	80,559	140,760	62,518	375,348
Accumulated amortization					
Opening balance	86,938	68,666	111,469	62,518	329,591
Amortization	1,372	2,379	15,370	-	19,121
Closing balance	88,310	71,045	126,839	62,518	348,712
Net book value	\$ 3,201	\$ 9,514	\$ 13,921	\$ -	\$ 26,636

March 31, 2019

Cost					
Opening balance	\$ 91,511	\$ 80,559	\$ 107,379	\$ 62,518	\$ 341,967
Additions	-	-	30,691	-	30,691
Closing balance	91,511	80,559	138,070	62,518	372,658
Accumulated amortization					
Opening balance	84,978	65,693	97,712	62,518	310,901
Amortization	1,960	2,973	13,757	-	18,690
Closing balance	86,938	68,666	111,469	62,518	329,591
Net book value	\$ 4,573	\$ 11,893	\$ 26,601	\$ -	\$ 43,067

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

10. RELATED PARTY TRANSACTIONS

The Council had the following transactions with the Ministry and other government controlled organizations:

	Year Ended March 31,	
	2020	2019
Government Grants - Core	\$ 1,500,000	\$ 1,500,000
Government Contributions - Contracts	764,250	791,490
	<u>\$ 2,264,250</u>	<u>\$ 2,291,490</u>

These transactions are considered to be in the normal course of business and are measured at their exchange amounts, being the amounts agreed to by the parties.

The Council's current payroll of \$1,251,889 includes six employees with salaries totalling \$599,763.

11. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	Year Ended March 31,	
	2020	2019
Amortization	\$ 19,121	\$ 18,690
Bank charges and foreign exchange	791	891
Equipment rental	22,909	29,303
Event fees	115,536	164,870
Events and conferences	207,618	282,343
Information technology and websites	78,834	87,135
Insurance	4,768	4,531
Leadership and organization	7,391	5,042
Marketing	616,636	639,913
Office communications	16,378	32,725
Office supplies and miscellaneous	14,244	15,719
Professional and consulting fees	71,270	17,008
Rent and facilities	177,742	170,622
Salaries and benefits	1,251,889	1,163,008
Telecommunications	14,805	22,876
Travel	131,404	212,180
	<u>\$ 2,751,336</u>	<u>\$ 2,866,856</u>

12. BUDGETED FIGURES

The budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors. The budgeted figures have not been audited.

13. FINANCIAL RISK MANAGEMENT

Risks and Concentrations

The Council is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Council's risk exposure at March 31, 2020.

a. Liquidity Risk

Liquidity risk arises if the Council is unable to meet its obligations associated with financial liabilities. The Council is exposed to this risk mainly in respect to its accounts payable. The Council mitigates this risk by preparing and monitoring operating budgets that are used to assist with the planning of cash flows to meet its obligations as they come due.

b. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

Cash and cash equivalents, GIC's, and accounts receivable are exposed to credit risk due to the potential for counterparties to default on their contractual obligations. The maximum potential loss on these financial instruments equals their carrying value.

The Council mitigates its credit risk exposure by maintaining its cash and cash equivalents, and GIC's in major Canadian chartered banks. Accounts receivable are owed from various entities and there is no concentration of risk associated with any particular customer. As at March 31, 2020, there was \$1,695 in overdue accounts receivable balances.

c. Market Risk

Market risk is the risk that the fair market value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Council is mainly exposed to interest rate risk.

i. *Currency risk*

Currency risk is the risk that the fair market value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Council is not exposed to any currency risk and does not maintain any foreign denominated financial currencies.

ii. *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates.

The Council is exposed to interest rate risk on its GIC's, which bear interest at fixed rates which could expose the Council to interest rate price risk. Fluctuations in market interest rates could affect the fair value of these financial instruments.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risks and Concentrations (Continued)

c. Market Risk (Continued)

iii. *Other price risk*

Other price risk is the risk that the fair market value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument traded in the market.

The Council is not exposed to other price risk.